(d) Tax collection targets are fixed early in the Budget making exercise, thus requiring a fair amount of estimation. Direct taxes are dependent upon a number of economic factors, some of which are difficult to predict. Factors like instability of crude oil prices, changes in the pattern of inputs, etc. have impact on revenue collection from indirect taxes.

The measures taken to improve the situation include rationalization of tariff structure; review and withdrawal of tax exemptions, wherever necessary, plugging leakage of revenue through strengthening anti-smuggling and anti-evasion measures, monitoring and desseminating intertnational prices of imported commodities, widening of tax base, large scale computerization, allotment of PAN numbers, simplification of tax collection procedures to improve tax compliance, etc.

Rise in inflation

2073. SHRI VIJAY J. DARDA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government agrees with the observations of the RBI Governor that Apex Bank is comfortable with the present inflation rate which has crossed 4 per cent mark in first week of February, 2002 and the wholesale price index being 3.72 per cent as compared to a mere 1.39 per cent a year ago; and

(b) if so, whether this rise in inflation is proposed to be contained and what are the detailed steps for the same?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Yes, Sir. Though the uptrend in global oil prices have caused some inflationary undercurrents, pushing up the annual point to point inflation rate based on the Wholesale Price Index to 4.9 percent in mid February 2003, there is not much cause for worry, as stability in the prices of primary and manufactured products would help keep inflation under control despite the rise in fuel prices.

Government is making concerted efforts to keep inflation under control through effective supply management as also through close monitoring of prices and supply of essential commodities. Large volumes of public stock of foodgrains have ensured comfortable supply situation

of foodgrains and helped stabilise their prices despite the severity of drought.

Effect of rise in prices of petrol and diesel

2074. SHRI AIMADUDDIN AHMED KHAN "DURRU": Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) the impact on inflation due to periodic increase in the prices of petrol and diesel;

(b) whether the regular inflationary trend is a matter of great concern to the common people of the country; and

(c) what action Government propose to take to contain the inflation?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) With the dismantling of the Administered Price Mechanism from April 1, 2002, domestic diesel and petrol prices are market determined and linked to the movement of international crude oil prices. The transition from an administered to a market based pricing regime has been quite smooth so far. The annual point to point inflation rate based on the WPI remained below 2 per cent till the end of May 2002, and rose thereafter only to remain between 3-4 per cent level during much of the current financial year. The uptrend in global oil prices caused some inflationary undercurrents towards mid January 2003 pushing up the inflation rate to over 4% level for the first time in 2002-03. The latest annual point to point inflation rate for the week ended February 15, 2003 is 4.9 percent, which is still quite moderate. Stability in the prices of primary and manufactured products would help keep inflation under control, thus preventing any undue harships to the common people of the country.

(c) Government is making concerted efforts to keep inflation under control through effective supply management as also through close monitoring of prices and supply of essential commodities. Large volumes of public stock of foodgrains have ensured comfortable supply situation of foodgrains and helped stabilise their prices despite the severity of drought. Government's liberal release of surplus foodgrain stocks under various welfare schemes has provided increased support to the vulnerable sections of the society.